



# COMPETITION WATCH



Commonwealth Competition Council • P. O. Box 1475 • Richmond, Virginia 23218 • Vol. 6, No. 3 • September 2001

## Competition Council welcomes new members and says goodbye to members who have served their term of office with distinction

The Honorable S. Vance Wilkins, Jr., Speaker of the House of Delegates, has appointed Edgardo Marquez of Chesterfield County and David M. Zobel of Virginia Beach to three year terms on the Council. Ed and David both bring business experience to the 15-person membership. Ed is Vice President of Sales with Mark Bric, Inc., of Prince George Council. David is an attorney in Virginia Beach with the firm of Huff Poole & Mahoney.

### NEWEST MEMBERS OF THE COMMONWEALTH COMPETITION COUNCIL

EDGARDO MARQUEZ  
DAVID M. ZOBEL

Ewin Ottinger of Norfolk served for a three year term expiring June 30, 2001. The Honorable J. Granger Macfarlane of Roanoke was appointed to a new seat on the Council authorized July 1, 1998, and his three year term expired June 30, 2001. During his term with the Council, he actively chaired the taskforce studying the food delivery system for the prisons and mental health hospitals in Virginia. His leadership was a great asset to the legislatively-mandated study on the multi-faceted food delivery system in Virginia and with the varied workings of the Council.

## National Conference of State Legislatures Annual Survey

46 OUT OF THE 50 STATES  
PRELIMINARY REPORT FOR STATE BUDGET &  
TAX ACTIONS 2001

FOR COMPLETE REPORT  
[HTTP://WWW.NCSL.ORG/](http://www.ncsl.org/PROGRAMS/FISCAL/PRESBTAO1.HTM)  
THEN  
PROGRAMS/FISCAL/PRESBTAO1.HTM

The National Conference of State Legislatures recently released its Preliminary Report for State Budget & Tax Actions 2001. The report notes the strong fiscal conditions of a year ago have been replaced by anemic revenue growth and expanding budget gaps across the United States. The report goes on to report the results of their state budget survey throughout the country.

States not included in this preliminary report are Massachusetts, New York, North Carolina, and Tennessee.

## Setting the Stage

The National Conference of State Legislatures report sets the stage for future actions by state and local governments. Here in Virginia we are already seeing various groups putting forth ideas to reduce costs or to increase revenues. A recent Virginia Executive Institute group put forth several ideas as part of their work at the Institute.

Their objective was to define ways in which state agencies will be encouraged and rewarded for being more productive, eliminating or changing inefficient processes, and streamlining overall state government

### HOW TO ENCOURAGE AGENCIES TO DO MORE WITH LESS

[HTTP://WWW.EGOVCOMPETITION.COM](http://www.egovcompetition.com)

operations. The overarching question is how will the required levels of service be obtained and maintained by state agencies with the given level of resources?

The report started with background information. "State employees have been asked to do more with less during the last ten years. This was due to the economy in the early 1990s and the two buy-out programs that ensued. Reducing the number of employees was addressed, but the question of identifying unneeded workload was neither addressed nor quantified. To be effective, the current 'do more with less' issue must address the question of workload as well as the number of employees just doing more of what may or may not be needed. This requires the contributions of the Commonwealth's most valuable asset, the state employees, be recognized and sets the stage for an employee education and training program. Business has found this type investment to pay major dividends to the company." The full report, **How to Encourage Agencies to Do More with Less**, can be found on the Commonwealth Competition Council web page at <http://www.egovcompetition.com>.

## Competition by the Book

CSG

<http://www.statenews.org>

States can succeed in privatizing government functions by taking a systematic approach. Unfortunately, states are reinventing the wheel to privatize government functions rather than learning from other's mistakes and successes, said Cindy Jasper of the Council of State Governments. A recent Council of State Governments survey finds fewer than one in four states use a standard process to pick projects to privatize. This flies in the face of experience that a systematic approach contributes to success.

A standard approach also helps quell critics of privatization. Privatization of government services entails a difficult series of decisions. Change of this magnitude typically meets resistance. However, an excerpt from a Virginia employee's letter to the Commonwealth Competition Council sums the issue quite well.

"...Public employees are not against the privatization of public services. We are also taxpayers and as public employees we observe inefficient practices within our agencies. However, we also realize that privatization may not correct those inefficiencies, in the long run privatization may not improve services, and there is no guarantee that privatization will cost less. Consequently, the decision to privatize public services should be scrutinized and a variety of alternatives considered."

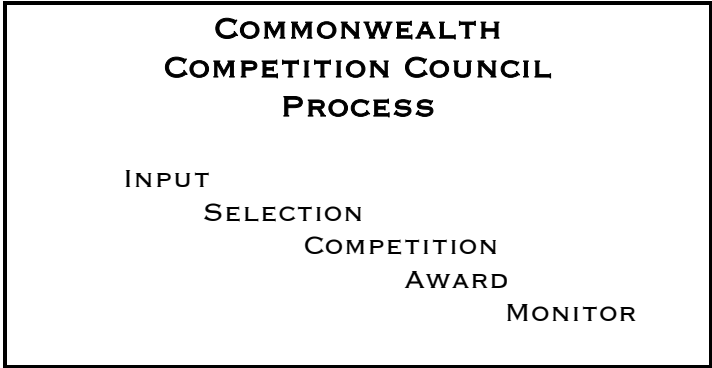
**U. S. GOVERNMENT  
GENERAL  
ACCOUNTING  
OFFICE (GAO)**

A 1997 study by the U.S. Government Accounting Office concludes that most successful efforts use a standard implementation structure and a systematic process to select government activities to privatize. A standard decision-making process typically provides criteria for selecting privatization candidates, methods to determine and compare costs, and procedures for monitoring the performance of private providers.

### Look before you Leap

The Commonwealth Competition Council process sets a standard and guides privatization and competitive government services in Virginia. The process is an analytical framework to systematically and appropriately address state government functions. The five-step process the Council introduced is ongoing.

During the initial phase the Council solicits the input of government employees and business interests. The candidates are analyzed to determine which one(s) is the best candidate to open to competition. After the competitive process and award of a contract, the appropriate agency establishes a quality assurance program and evaluates the provider's performance.



**PUBLIC/PRIVATE  
PERFORMANCE  
ANALYSIS**

**THREE CRITICAL  
FACTORS**

**COST**

**QUALITY/QUANTITY**

**CUSTOMER SERVICE  
SATISFACTION**

The public or private performance analysis is the heart of the Council's process. The analysis weighs three critical factors. Cost, quality/quantity and customer service satisfaction. To fairly compare the private vs. the public costs to provide a service, the Council developed the computer program "COMPETE." This unique program fully allocates the state's cost to perform a particular

function. It then weighs the in-house cost against a private provider's cost, adjusted to reflect expected contract administration expenses. COMPETE” creates a level playing field for public and private providers.

For additional information  
on “COMPETE” simply call  
(804) 786-0240 or go on-line  
<http://www.egovcompetition.com>

## City's Creativity brings in Revenue

Workers at the new Apalachee Ridge Estates technology house in Tallahassee, Florida, will never worry about running out of classroom content, thanks to the city's Learnitnow.net program, an online training institute with more than 1,000 courses.

---

TALLAHASSEE, FLORIDA'S ONLINE TRAINING

<http://www.learnitnow.net>

---

Although created to provide online training for city employees, the program has quickly turned into a revenue-producing engine for the city.

### PUBLIC/PRIVATE PARTNERSHIP

The program was created a few years ago, when officials realized that the government was spending \$20 million a year in stand-up training. In looking for a less costly, on-line alternative, city officials decided to work in partnership with the McGraw-Hill Companies, which at the time needed to convert thousands of textbooks to digital format.

The city performed that service for McGraw-Hill in exchange for access to the content and royalties. Then they worked out a no-money-upfront deal with LearnSomething.com, a local application service provider that now hosts the content and performs all of the requisite tracking, monitoring and billing for the city and earns its money from subscriber fees.

"We've just started marketing to other cities in Florida, but we expect to offer the service to cities across the country in due course," said Mick Everall, New Business and Product Development Administrator for Tallahassee. Officials from the nearby city of St. Petersburg recently signed on.

Program subscribers get access to the entire training package by paying a fixed licensing fee per employee per year. Courses range from basic and advanced computing to stress management, plumbing certification and ornamental horticulture.

Everall said city officials – who will woo customers by way of contacts they developed through membership in associations such as the Florida League of Cities and the U. S. League of Cities – hope to develop a niche expertise in government training. Among the coursework not likely to be found elsewhere: the basics of being a city commissioner.

"Nobody comes into the job knowing all about the rules of order or how to write an agenda," Everall said. "That stuff typically has to be learned on the job during the first year. The same thing goes [for] appointed officials, all the way down to the staff level. This would give them an edge when they start that new position."

Everall said cities could save money and time by using another city's tried and true training. "Basically, we can offer them the coursework at a price that they probably couldn't negotiate for themselves. Plus, they don't have to do any of the hand-holding and the legwork. They just sign up for the service. It's easy and ready to go."

# Competition Outreach Program

## Manager is on the Road

LOCAL GOVERNMENTS  
INTERESTED IN WORKING WITH

**MARSHALL BAILEY**  
**OUTREACH COORDINATOR**  
**COMMONWEALTH COMPETITION COUNCIL**

SHOULD CONTACT HIM BY EMAIL  
[MBAILEY@CCC.STATE.VA.US](mailto:MBAILEY@CCC.STATE.VA.US)  
OR AT THE COUNCIL OFFICE AT  
(804) 786-0242

Road trip is the name of the game for Marshall Bailey. He recently attended the Virginia Local Government Official Conference to spread the word about the Commonwealth Competition Council competition program. His contacts there have already created engagements in competing solid waste disposal for one county and in constructing the planning mechanism for partnering in another. Personal visits as well as personal follow-up visits happened next.

This month, trips are planned to several municipalities to review Integrated Commercial Off the Shelf Software (COTS) suitable for county or city purchases in replacement of proprietary software. Such software trade outs replace in-house programming with the adoption of best practice version releases. Expensively crafted local upgrades are replaced by inexpensive nationally programmed best practices.

Also, this month our Outreach Coordinator will visit the Virginia Institute of Government to begin identifying how partnering best fits into the other management functions of planning, controlling and budgeting. Hopefully, the work will lead to guidelines for municipal implementation of competition practice programs.

## Glens Falls, New York and Earth Tech's Partnership

Officials in Glens Falls, New York, selected Earth Tech, Inc. for a design-build-operate (DBO) contract to construct a new water-filtration treatment plant, upgrade the existing wastewater facility and operate, and maintain both systems for the next 20 years. The city is under an administrative consent order from the U.S. Environmental Protection Agency to improve the quality of drinking water and to make odor-control improvements.

### DBO will save \$4± million while increasing efficiency of water operations

The agreement will result in cost savings and service improvements for Glens Falls, a city of nearly 15,000 located in upstate New York. Construction of the new direct-filtration water-treatment facility under the DBO method will save the city approximately \$4 million, compared with conventional engineering and construction approaches. Earth Tech will also increase the efficiency of water operations through installation of more than 4,000 water meters, implementation of a leak detection system, and water audits.

\*\*\*\*\*Note Address Correction\*\*\*\*\*

**Commonwealth Competition Council – 1500 East Franklin Street, Richmond, VA 23219**

The U. S. Post Office has confirmed that the *correct* new address for the Competition Council is 1500 East Franklin Street, not 1501 as reported in the June issue of **COMPETITION WATCH**. Thanks for updating your records.

